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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter of:

RESIDENTIAL CAPITAL, LLC, Case No. 12-12020-mg
Debtors.

- - - - -x

JENKINS, et al., Case No. 12-01935-mg
Plaintiffs,

- against -

RESIDENTIAL FUNDING COMPANY, LLC, et al.,
Defendants.

- - - - -x

RESIDENTIAL CAPITAL, LLC, et al., Case No. 13-01262-mg
Plaintiffs,

- against -

ALLSTATE INSURANCE COMPANY, et al.,
Defendants.

- - - - -x

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United States Bankruptcy Court
One Bowling Green
New York, New York

May 14, 2013
10:18 AM

B E F O R E:
HON. MARTIN GLENN
U.S. BANKRUPTCY JUDGE

(CC: Doc #3374, 3375) Debtors' Motion for Entry of an Order to
Permit the Debtors to Continue Using Cash Collateral.

(CC: Doc# 2274) Adj. Hearing Re: Motion for Relief from Stay
filed by Jeffrey L. Saltiel on behalf of Med&G Group, L.P..

Motion of Albina Tikhonov for Contempt of Bankruptcy. (related
document(s) 2627)

(CC: Doc# 3383) Motion to Vacate Automatic Stay.

Adversary proceeding: 12-01935-mg Jenkins et al v. Residential
Funding Company, LLC et al (CC: Doc no.1) Adjourned Case
Management Conference.

Adversary proceeding 13-01262-mg Residential Capital, LLC, et
al. v. AllState Insurance Company, et al. Status Conference

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ALSO PRESENT:

SHARON JENKINS, pro se (Telephonically)
NELSON COHEN, Zuckerman Spaeder, LLP (Telephonically)
JOSEPH H. HUSTON, Stevens & Lee, PC (Telephonically)
JAMES P. WATKINS, Bradley, Arant, Bolt, Cummings, LLP
(Telephonically)

1 P R O C E E D I N G S

2 THE COURT: Please be seated. We're here in
3 Residential Capital, number 12-12020.

4 MR. GOREN: Thank you, Your Honor. Todd Goren,
5 Morrison & Foerster, on behalf of the debtors. Happy
6 anniversary, first of all. Today is our -- or it's the one
7 year anniversary of our filing.

8 THE COURT: Okay.

9 MR. GOREN: A lot of progress has been made recently
10 as I know you're aware and hopefully there will be some
11 announcements of that shortly. The first item on the agenda is
12 the debtors' motion for a non-consensual use of cash
13 collateral. In light of all the developments in the case, the
14 parties have consulted and agreed that it makes sense to
15 adjourn this out to the June 12th hearing. We would like to
16 designate that as an evidentiary hearing. We believe it will
17 be a very limited evidentiary hearing. No live testimony. The
18 evidence will be limited to the declarations already on file
19 and deposition designations. So, we expect it to be in court,
20 really just argument. But there will be some limited evidence
21 that will be part of the record.

22 THE COURT: That's fine. It's a pretty long agenda
23 already. Hopefully it will be pared down by then. Mr. Shore?

24 MR. SHORE: Just a comment on the evidence, Your
25 Honor. We'll need to schedule some time for argument and I

1 think the evidence, as Mr. Goren said, would be pretty limited.
2 They had submitted two declarations; Ms. Horner, who had
3 testified with respect to the 30.4 million dollars and go
4 forward costs, I think we've resolved that now, so that she's
5 not a witness who is even relevant, much less necessary for
6 live testimony.

7 We may have some cross of Mr. Puntus, who provided
8 testimony to the Court on adequate protection. I think it
9 would be very limited. We're going to try to work through
10 issues over the next thirty days and hopefully we can get
11 somewhere. We may not be able to get somewhere but as the
12 Court knows, I think from the papers that have been submitted,
13 there's a big dispute over what do we do with respect to prior
14 costs; that big number.

15 THE COURT: Yes, I read your supplemental papers
16 and --

17 MR. SHORE: Okay. So, I think -- I don't know that we
18 need a lot of time on that date but we are going to need some
19 time, both for argument and maybe a little bit of cross.

20 THE COURT: What I would -- so we have a ResCap
21 hearing on the afternoon of June 6th and let's just add this
22 just as a status conference and we can talk then about what's
23 going to happen on the 12th. Okay?

24 MR. SHORE: Very good, Your Honor.

25 THE COURT: All right.

1 MR. GOREN: That makes sense.

2 THE COURT: Thank you, Mr. Goren.

3 MR. GOREN: Okay.

4 THE COURT: Thanks, Mr. Shore.

5 MR. GOREN: And we have a stipulation extending cash
6 collateral. It limits what we can use of cash collateral for
7 the next thirty days, which I assume we just submit to your
8 chambers after the hearing.

9 THE COURT: Yes.

10 MR. SHORE: Would you like us to walk you through
11 exactly what's happening on that? I mean, we have essentially
12 a consensual bridge order to the next -- to the 14th then which
13 would provide that the debtors can spend up to six million
14 dollars on the go forward stuff -- or sorry, up to five million
15 dollars on the go forward stuff and then make adequate
16 protection payments but other than that current use of cash
17 collateral is terminated.

18 THE COURT: Mr. Goren, do you --

19 MR. GOREN: Yes. No, I mean that's essentially right
20 that we're just -- we're paying the stuff that Mr. Shore says
21 they've agreed on; the accrued and unpaid expenses that are the
22 subject of the dispute. We will, to the extent they need to be
23 paid over the next thirty days, they'll be funded with
24 unencumbered and there's a full reservation of rights for the
25 debtors and to seek to reallocate those funds as part of the

1 order otherwise.

2 THE COURT: Okay. All right. So, we'll -- the June
3 6th is an afternoon, it's 2 o'clock. So, you'll add it to the
4 -- add just the status conference on this to the June 6th,
5 okay?

6 MR. GOREN: Okay.

7 THE COURT: All right.

8 MR. GOREN: Thank you.

9 THE COURT: Thank you, Mr. Goren.

10 MR. GOREN: I'll turn the podium over to Mr. Newton.

11 THE COURT: Okay.

12 MR. NEWTON: Good morning, Your Honor. James Newton,
13 Morrison & Foerster on behalf of the debtors.

14 The next matter on the agenda is a motion for relief
15 from stay filed by MED&G. It's docket number 2274.

16 THE COURT: Right.

17 MR. NEWTON: Your Honor will recall that the parties
18 stipulated to permit MED&G to proceed with its equitable claims
19 in the underlying action. So, the only remaining issue relates
20 to the monetary claims that MED&G has asserted in that action.
21 Since it's MED&G's motion, I will turn the podium over to
22 MED&G's counsel.

23 THE COURT: Thank you.

24 MR. BANEY: Good morning, Your Honor. William Baney,
25 Wenig Saltiel for the movant.

1 Your Honor, we asked that this motion -- the remainder
2 of the motion be adjourned to the omnibus hearing date of June
3 12th. The reason for this is the parties in the underlying
4 case are exploring a settlement whereby the proof of claim from
5 the Inoways (ph.), the plaintiff in the underlying case will
6 assign their proof of claim to movant in which case the
7 monetary claims in the underlying case will become relevant and
8 we will be seeking relief from stay to proceed to address our
9 monetary damages.

10 THE COURT: Mr. Newton?

11 MR. NEWTON: Your Honor, at this point, I don't think
12 the debtors see a purpose in adjourning this matter out any
13 further. At the April 30th hearing, Your Honor denied MED&G's
14 motion to file a late proof of claim. So, all that we're left
15 with in connection with this motion is MED&G is seeking relief
16 to pursue monetary claims that it's barred from asserting
17 against the debtors. There's a trial --

18 THE COURT: To get an assignment of the proof of
19 claim, they'll deal with at the time.

20 MR. NEWTON: I don't think that has anything to do
21 with the motion that's on for today.

22 THE COURT: Yes, that's what I don't understand
23 because if you get an assignment of the claim what the --
24 Inoways or however they pronounce their name, they're
25 proceeding to trial; right?

1 MR. BANEY: No, Your Honor. If we can do the --

2 THE COURT: Oh, you're trying to settle it.

3 MR. BANEY: Yeah, if we would do the settlement, the
4 property would go back to the plaintiffs, we would get their
5 proof of claim to seek monetary damages against the debtors to
6 proceed with our monetary claims against the debtors.

7 THE COURT: Okay. I'm not going to decide now whether
8 -- go through the claims allow -- if you get an assignment of
9 the claim, you can go through the claims allowance process. Is
10 the case trial-ready in California?

11 MR. BANEY: Yes, Your Honor, it's the end of May. I'm
12 not sure if it's the 30th or the 31st, but the trial -- if the
13 case goes forward and there's no settlement prior to, the trial
14 date is the end of May.

15 THE COURT: All right. Well, so why does that have
16 anything to do with whether I rule on this motion now? Because
17 it's going to have no bearing on that at all; is it?

18 MR. BANEY: Correct, Your Honor. That's why we're
19 asking it to be adjourned.

20 THE COURT: No, so that's why I am going to deny the
21 motion to lift the stay. This matter was, just so we're clear,
22 pending before the Court is the MED&G Group, LP, motion to lift
23 the stay. It's at ECF 2274. MED&G asked the Court to lift the
24 automatic stay to permit it to assert counterclaims in the
25 California Superior Court action, Inoways v. GMAC Mortgage

1 Corp. It's case number SCV-248256. The debtors filed an
2 objection to the motion at ECF 2680. On May 8, 2013, I entered
3 an order -- the Court entered an order denying MED&G's request
4 to file a late proof of claim in the debtors' bankruptcy
5 proceeding. I won't go through the whole procedural history
6 here. In determining whether MED&G has established cause to
7 lift the stay, the Court considers the so-called Sonnax factors
8 from the Second Circuit's decision in Sonnax Industries, 907
9 F.2d 1280 at page 1286 (2d Cir. 1990). Not all the factors are
10 relevant in every case and causes a broad and flexible concept
11 that must be determined on a case by case basis. The moving
12 party bears the burden to demonstrate that good cause exists
13 for lifting the stay using the Sonnax factors and the Court may
14 deny the motion if the movant fails to make an initial showing
15 of cause. See Sonnax 907 F.2d 1285.

16 The supplemental servicing order previously entered in
17 this case already allows MED&G to pursue counterclaims 1 and 2,
18 which were quiet title and declaratory judgment that MED&G was
19 a bona fide purchaser. To the extent it does not, the debtors
20 have agreed to stipulate that MED&G may pursue its actions to
21 quiet title or obtain declaratory relief. MED&G will not be
22 able to enforce any judgment ordered for counterclaims 3 and 4
23 against the debtors. Those are the damage claims.

24 The Court held that MED&G may not file late proof of
25 claim in the debtors' bankruptcy case and thus MED&G is

1 "forever barred, estopped, enjoined" from asserting any
2 prepetition claims against the debtor. See the bar order at
3 paragraph 11.

4 Four of the Sonnax factors weigh against lifting the
5 stay for counterclaims 3 and 4. Having considered all of the
6 issues and arguments, the Court in the exercise of its
7 discretion determines that the motion to lift the automatic
8 stay is denied. If you get an assignment of the claim -- of a
9 proof of claim that's been timely filed, you'll deal with it
10 here. If you make another motion to lift the stay, I'll
11 consider whether the state court is the appropriate forum in
12 which to fix the amount of any claim. We have a claims
13 allowance process and that's ordinarily how it gets done.

14 Certainly in other matters, I have lifted the stay
15 when a case was about ready to go to trial and it would resolve
16 the issue of the quantum of the claim but it's premature for me
17 to decide that. So, for the reasons stated on the record, the
18 motion to lift the stay is denied.

19 MR. BANEY: Thank you, Your Honor.

20 THE COURT: Mr. Newton, just submit an order that
21 simply recites that for the reasons stated on the record, the
22 Court denies the motion to lift the stay.

23 MR. NEWTON: I will do that. Thank you, Your Honor.

24 Your Honor, the next item on the agenda is a motion
25 for contempt of bankruptcy filed by Albina Tikhonov. This is

1 docket number 2627. I don't believe I heard anyone on the
2 phone for the Tikhonovs or in the court.

3 THE COURT: All right. Is anybody on the phone for
4 the Tikhonovs? Is anybody in the courtroom for the Tikhonovs?
5 I'll take the matter under submission. The motion is going to
6 be denied.

7 MR. NEWTON: Thank you, Your Honor.

8 THE COURT: I'll enter an appropriate order.

9 MR. NEWTON: And I will turn the podium over to
10 Samantha Martin for the next one.

11 THE COURT: Okay.

12 MS. MARTIN: Good morning, Your Honor.

13 THE COURT: Good morning.

14 MS. MARTIN: Samantha Martin from Morrison & Foerster
15 on behalf of the debtors.

16 The next item on the agenda is a motion for stay
17 relief filed by Ms. Dadzie. That's docket number 3383. As you
18 know from the papers, Ms. Dadzie has a Chapter 13 case pending
19 here before Judge Lane and in that case, GMAC Mortgage filed a
20 proof of claim and Ms. Dadzie objected to the proof of claim.

21 Earlier today, Your Honor, we reached an agreement
22 with Ms. Dadzie's counsel to allow us to enter into a
23 stipulation. The stipulation would provide that Ms. Dadzie may
24 file an adversary proceeding in her Chapter 13 case in order to
25 resolve the GMAC proof of claim and it would also address some

1 equitable subordination issues. But the adversary proceeding
2 would not include monetary damages.

3 THE COURT: Okay. I see counsel for Ms. Dadzie is
4 here? Mr. Shaev or?

5 MR. SHAEV: Good morning, Your Honor. David Shaev,
6 Shaev & Fleischman. I'm co-counsel with Linda Tirelli.

7 MS. TIRELLI: Good morning, Your Honor.

8 THE COURT: Nice to see you both.

9 MS. TIRELLI: Good to see you, Your Honor.

10 MR. SHAEV: Good to see you. That's correct. I think
11 we have reached an agreement subject to the wording and we'll
12 circulate a proposal --

13 THE COURT: You didn't really think I wanted to have
14 Judge Lane transfer this case to me, did you?

15 MR. SHAEV: No, Your Honor. We're simply pointing out
16 the similarities in some prior cases that Your Honor may have
17 handled. We knew that the Court would do what the Court is
18 going to do anyway.

19 THE COURT: Okay.

20 MR. SHAEV: We'll file the --

21 THE COURT: That's fine.

22 MR. SHAEV: -- the APN (ph.), it will be signed
23 properly.

24 THE COURT: Okay. Thanks very much.

25 MR. SHAEV: Thank you, Your Honor.

1 MS. TIRELLI: Thank you very much, Your Honor.

2 THE COURT: Ms. Martin?

3 MS. MARTIN: I will be ceding the podium --

4 THE COURT: I can't hear you. I'm sorry.

5 MS. MARTIN: I'll be ceding the podium to Mr. Newton
6 now.

7 THE COURT: Okay. Thank you.

8 MR. NEWTON: Your Honor, the next items on the agenda
9 are the applications to employ PWC and two law firms. I saw
10 that the Court entered further interim orders earlier today.

11 THE COURT: Correct.

12 MR. NEWTON: So moving along, the next matter is on
13 page 20 of the agenda. It's the adversary proceeding matter.
14 This is Jenkins v. Residential Funding Company adversary
15 proceeding number 12-01935. Your Honor, we were last here on
16 the Jenkins matter during the March 21st omnibus hearing. At
17 that hearing, Your Honor granted the debtors' Rule 12(e) motion
18 for a more definition statement and directed that Jenkins would
19 have sixty days to file an amended complaint. You also
20 requested that the debtors set a case conference prior to the
21 deadline to file the complaint and that is today.

22 Your Honor will recall that the Jenkins had indicated
23 on several occasions they were in the process of attempting to
24 retain counsel. Shortly prior to the originally schedule April
25 30th hearing, the debtors understand that SilvermanAcampora did

1 hear from counsel for the Jenkins. After several attempts to
2 get them on the phone, we ended up adjourning the April 30th
3 hearing and we were able to speak with Mr. Brenner, who is
4 Jenkins' counsel, yesterday. He indicated that he's not been
5 formally retained by the Jenkins. He was referred through
6 Legal Aid. And has been asked to advise the Jenkins on matters
7 in this case.

8 We provided Mr. Brenner with some additional
9 background information and informed him -- because the debtors
10 are not the servicers on the loan, it's going to be difficult
11 for us to reach a settlement with him, provide him with
12 information, contact information for Mr. Grieco, who is here on
13 behalf of America Servicing Company and also for the
14 foreclosure firm in Georgia that is handling the foreclosure
15 matter.

16 The debtors continue to believe this is a matter that
17 should be taking place in Georgia. With that, I am happy to
18 answer any questions. The amended complaint is due on the
19 20th. You know, we'll take it as it comes.

20 THE COURT: Okay. Is anybody from SilvermanAcampora
21 want to be heard about this?

22 MR. KRELL: Your Honor, Justin Krell,
23 SilvermanAcampora, special counsel to the committee.

24 Mr. Newton pretty much described the current status of
25 the adversary proceeding. The only thing I would add is that

1 the Jenkins did file a proof of claim, so they have rights also
2 asserted in the proof of claim, as well as in the adversary
3 proceeding. We made -- I would say proposed counsel. He's not
4 been formally retained as Mr. Newton pointed out regarding that
5 fact. And if a resolution could be accomplished, that's great
6 and Mr. Brenner will keep us apprised of any progress he can
7 make with foreclosure counsel.

8 THE COURT: All right. Is the Krell's proposed
9 counsel present? Is he --

10 MR. KRELL: He wasn't planning on attending, Your
11 Honor.

12 THE COURT: He wasn't. Okay. So what's the deadline
13 for filling the amended complaint, Mr. Newton?

14 MR. NEWTON: I believe it's the 20th.

15 THE COURT: Okay. So, let's adjourn the -- go ahead,
16 do you want to say something else?

17 MR. KRELL: The Jenkins are on the phone, I believe.

18 THE COURT: Oh, Mr. and Mrs. Jenkins are you on the
19 phone?

20 MS. JENKINS: Yes, sir.

21 THE COURT: Is there anything you want to indicate at
22 this point?

23 MS. JENKINS: We are currently in a -- as they just
24 stated -- currently talking with Attorney Brenner --

25 THE COURT: Okay.

1 MS. JENKINS: -- and we should be updated on what we
2 should do by the end of the day. And we would just like to
3 move forward with whatever procedures that we need to do.

4 THE COURT: Okay, Mrs. Brenner (sic) -- excuse me,
5 Mrs. Jenkins. Mr. Newton, what I would like to do is since
6 you've only very recently had communication with proposed
7 counsel for the Jenkins, let's adjourn this pretrial conference
8 to the first omnibus after the deadline for filing an amended
9 complaint. If you're able to reach some resolution, you'll
10 report it then. And if an amended complaint is not filed, well
11 we'll see what happens then. Okay? So, we'll move it then.

12 Mrs. Jenkins, do you understand? I'm going to
13 adjourn -- what is that date, do you know, Mr. Newton what the
14 date is?

15 MR. NEWTON: I believe it will be the June 6th hearing
16 that you mentioned earlier.

17 THE COURT: Okay.

18 MR. NEWTON: Or the 12th.

19 THE COURT: So --

20 MR. NEWTON: I'm being told the 6th is not an omnibus.
21 So it will be the 12th.

22 THE COURT: All right. So, Mrs. Jenkins, I'm going to
23 adjourn this hearing to June 12th. Let me ask you, Mrs.
24 Jenkins, are you working? Because I want to try and schedule
25 it so that it doesn't interfere with your workday, if possible.

1 MS. JENKINS: I'm self-employed. Yes, I work but I am
2 self-employed.

3 THE COURT: Okay. So you're able to call in by
4 telephone again?

5 MS. JENKINS: Absolutely.

6 THE COURT: Okay. All right. So, we'll adjourn the
7 hearing to June 12th. Mr. Newton, if you would, if you would
8 provide and make sure that Mrs. Jenkins has the call in
9 information for the hearing and hopefully, with the assistance
10 of Mr. Brenner, perhaps you'll be able to get this resolved
11 before then.

12 If you're able to get it resolved, and you submit it
13 in the form of a stipulation, it will be on -- the Court will
14 consider it and it will be unnecessary to go forward on June
15 12th. If you don't resolve it, we'll go forward then. Okay?

16 MS. JENKINS: Okay, well, sir --

17 THE COURT: Okay. Mr. Newton, thank you very much.

18 MR. JENKINS: -- will we still need to file that more
19 definitive statement by May 20?

20 THE COURT: You do.

21 MS. JENKINS: -- and submit --

22 THE COURT: Yes, you do.

23 MS. JENKINS: We do. Okay.

24 THE COURT: You absolutely do, unless you get this
25 resolved. If you get it resolved, then it may be unnecessary

1 but if you're unable to get it resolved, that's -- the
2 deadline's not changing. So, I am setting this for the
3 conference after that date. I'll see whether you have either
4 resolved the matter or filed the more definite statement.
5 Okay?

6 MS. JENKINS: Yes.

7 THE COURT: Thank you.

8 MS. JENKINS: Thank you so much.

9 THE COURT: Thank you, Mrs. Jenkins. Go ahead, Mr.
10 Newton.

11 MR. NEWTON: Thank you, Your Honor. I'll turn the
12 podium over to Theresa Foudy of Curtis Mallet, conflicts
13 counsel to the debtors.

14 THE COURT: Okay.

15 MS. FOUDY: Good morning, Your Honor. For the record,
16 Theresa Foudy of Curtis Mallet, conflicts counsel for the
17 debtors.

18 This is the status conference on the debtors'
19 adversary proceeding, ResCap, et al. v. AllState Insurance
20 Company, et al. It's number 13-01262. This is the adversary
21 proceeding seeking subordination of the claims of certain
22 investors for securities fraud arising out of the debtors' RMBS
23 securities.

24 THE COURT: Right.

25 MS. FOUDY: As Your Honor may recall, you granted us

1 permission to file cross-motions for summary judgment; both the
2 debtor side and the investor side. Those motions have been
3 filed and fully briefed. The parties were in agreement that
4 this matter can be decided as a matter of law and that no
5 discovery was necessary. We agreed on a statement of
6 stipulated facts and stipulated exhibits for Your Honor and
7 we're currently scheduled for a hearing a week from Thursday,
8 May 23rd at 2:00 p.m.

9 On the investor side, we had certain investors
10 represented by Quinn Emanuel. They were joined by investors
11 represented by Zuckerman Spaeder and Lowenstein Sandler. The
12 debtors' motion was joined in part by the ad hoc committee for
13 junior secured noteholders. As well, the RMBS trustees filed a
14 paper indicating that they were incorporating by reference,
15 their Rule 3013 motion papers as their summary judgment papers.

16 As Your Honor may recall, this started with a motion
17 for Rule 3013 relief seeking clarification --

18 THE COURT: And the debtors filed an adversary --

19 MS. FOU DY: So you recall. And Your Honor said that
20 the motions would be consolidated for purposes of hearing and
21 decision.

22 THE COURT: Right.

23 MS. FOU DY: So there's also a number of other parties
24 who filed oppositions to the Rule 3013 motions; The ad hoc
25 committee of junior secured noteholders, the indentured trustee

1 for the senior unsecured notes, MBIA, Assured Guaranty
2 Insurance Company. I mean the debtors never felt so loved,
3 Your Honor, that we had so much support on the opposition.

4 So that's where we stand. We're going to see you a
5 week from Thursday.

6 THE COURT: Mr. Lee, is this going to get resolved?

7 MR. LEE: I was going to wait right until the end,
8 Your Honor.

9 THE COURT: Well, okay, if you want to wait till the
10 end, you could wait till the end.

11 MR. LEE: No. Gary -- excuse me, Gary Lee of Morrison
12 & Foerster for the debtors.

13 Your Honor, I am pleased to report that we have
14 satisfied the first condition in the order that Your Honor
15 entered yesterday relating to the examiner's report which is
16 that the parties have exchanged signatures on the term sheets
17 that were referred to in that report.

18 And if I may, because I didn't get an opportunity to
19 do this on the record yesterday, Judge Peck has put in what can
20 only be described as a staggering amount of effort into this
21 process and although we are not there, the fact is Your Honor
22 that we have taken one giant step forward towards a process by
23 which will wind up with a consensual plan of reorganization in
24 this case. And I can't get into the terms, Your Honor, but
25 obviously we will be filing a motion to approve the plan

1 support agreements. I think, Your Honor, the parties have
2 confirmed on that date and I will be submitting the
3 supplemental order in that regard.

4 But I just wanted to go on record, Your Honor,
5 thanking Judge Peck and really all of the parties. I started
6 with more hair and more teeth when this process began and I
7 have less of both. But people worked incredibly hard.

8 THE COURT: Are you suggesting that you left your
9 teeth in somebody's arm or what?

10 MR. LEE: I can see several people here who might say
11 that. So, thank you.

12 So, with respect to the securities motion, that is
13 part and parcel of the settlement. Your Honor, I think that
14 what will happen -- and this is unfortunate -- is that the
15 timing simply is that the plan support agreement motion is
16 going to be filed, I think it is on the 23rd at 9:00 a.m. So,
17 we will know obviously that day whether or not the hearing is
18 going forward. And I apologize to Your Honor for that and the
19 calendar as well. And it maybe that we just simply defer that
20 motion if we have to.

21 THE COURT: I think what I --

22 MR. LEE: But I'll take direction.

23 THE COURT: All right. So first, the order I entered
24 yesterday set a deadline for filing of the motion to approve
25 the plan support agreements of May 21st at 9:00 a.m. The

1 debtors had requested that the deadline be set for May 23rd at
2 9:00 a.m.

3 In a chambers conference earlier this morning, that
4 issue was briefly addressed again and the Court indicated that
5 if all of the principal parties to the RMBS trial that's
6 scheduled for May 28th consented to moving the date to May 23rd
7 rather than the 21st at 9:00 a.m., that the Court was prepared
8 to do that. That would be -- if no motion to approve a plan
9 support agreement is filed by 9:00 a.m. May 23rd, the
10 examiner's report would be publicly released. It was filed
11 under seal yesterday.

12 I take it, Mr. Lee, you're indicating that all of --
13 you were going to confer with the other participants, major
14 participants in the RMBS trial and confirm whether they all
15 agree to move the date to the 23rd, the significance being I
16 had indicated that I wanted in the event -- the trial date
17 remains fixed, May 28th, that in the event that the trial went
18 forward on the 28th, I wanted counsel to the parties in the
19 trial to have enough time to read and digest the examiner's
20 report. I understand you've accomplished a great deal to get
21 to where you are now and there remains a great deal that needs
22 to be done to get to May 21st or May 23rd but are you able to
23 confirm, Mr. Lee, that all of the principal parties to the RMBS
24 trial agree that the deadline for releasing the examiner's
25 report if no motion is filed, would be moved -- no motion to

1 approve a plan support agreement, is moved to May 23rd?

2 MR. LEE: Your Honor, may I just confer with Mr.
3 Eckstein?

4 THE COURT: Please.

5 (Counsel confer)

6 MR. LEE: Your answer -- I understand from Mr.
7 Eckstein, the answer to that is in the affirmative.

8 THE COURT: Okay.

9 MR. LEE: But there's one -- but with one caveat. I
10 believe that the junior secured noteholders are also a party to
11 the or an objecting party, I think that's the one group that we
12 haven't discussed this with yet.

13 THE COURT: All right. I didn't expect I was going to
14 have to deal with this right now but when you did your recital,
15 you said --

16 MR. LEE: Me neither, Your Honor.

17 THE COURT: -- May 23rd. You put the May 23rd -- so
18 you're the one --

19 MR. LEE: My bad; yes.

20 THE COURT: -- who put this -- I wasn't expecting that
21 it was going to be resolved during the hearing but when you
22 stood and say May 23rd, you put that issue on the table.

23 MR. LEE: Yes, let me -- may I address this with Mr.
24 Shore, Your Honor?

25 THE COURT: Go ahead. Please. Why don't you go

1 ahead. Step back to --

2 (Counsel confer)

3 THE COURT: I'll tell you what, no let's not deal with
4 it now, okay?

5 MR. SHORE: Correct.

6 THE COURT: It may -- the order that was entered says
7 May 21st at 9:00 a.m. That's the operative document and what I
8 had understood was going to happen, the parties to the RMBS
9 trial were going to confer and fine, if you could let me know
10 now, but I don't want to take the time to deal with this now.
11 You'll deal with it with each other and hopefully resolve the
12 issue and you'll notify me, okay?

13 MR. SHORE: Very good, Your Honor.

14 THE COURT: So, but what I would like to do, Ms.
15 Foudy, is it seems to me -- Ms. Foudy, can you confirm that the
16 parties to the cross-motions have -- are supporting this term
17 sheet that I have not seen yet but that will -- and if we go
18 forward with the next steps, meaning a motion to approve the
19 plan support agreements and if that's approved, I don't need to
20 go forward with the hearing on the cross-motions.

21 MS. FOU DY: Your Honor, I have not been involved in
22 the negotiations that Mr. Lee has been involved with. I was
23 just saying to Mr. Lee that it's the investors represented by
24 Quinn Emanuel, the investors represented by Lowenstein Sandler
25 and --

1 THE COURT: What's Mr. Etkin saying in the back?

2 MS. FOUDY: Yes. And Mr. Etkin is here and Nelson
3 Cohen is on the phone for Zuckerman Spaeder and that's the
4 third group. And I do believe that Quinn Emanuel is a party to
5 the term sheet; correct?

6 MR. LEE: Correct.

7 MS. FOUDY: So, it's Mr. Etkin is here and Nelson
8 Cohen is on the phone.

9 THE COURT: Mr. Etkin, do you want to come on up?

10 MR. ETKIN: Good morning, Your Honor. Michael Etkin,
11 Lowenstein Sandler on behalf of several parties in connection
12 with the cross-motions for summary judgment to be joined in
13 those motions.

14 To answer the Court's question, one of my clients has
15 been involved in fits and starts with respect to the process
16 that's led up to the term sheet, although we have not seen it
17 yet nor have we seen a copy of the plan support agreement.

18 Two other clients were individual plaintiffs, as a --
19 and I'm talking about the class action plaintiff, the New
20 Jersey Carpenters. Two other clients were individual
21 plaintiffs in RMBS securities litigation, have not been
22 involved in the process.

23 THE COURT: Here's what I would like to do though. I
24 mean it seems to me that there was no immediate urgency to get
25 the issue on these cross-motions resolved, you know, right now.

1 They need to get resolved. I don't doubt that.

2 But it does seem to me in light of the substantial
3 progress that's been made over the last week and over the last
4 few days, that because it -- it may be and I hope it is,
5 unnecessary for the Court to resolve the issues raised by the
6 cross-motions. So what I would like to do, adjourn the hearing
7 and we'll get a new hearing date for it. We can wait and see.
8 It would be -- if the RMBS trial goes forward on May 28th, it
9 will be after the trial is concluded but it's not going to be
10 pushed off for very long.

11 But is there any reason why I shouldn't do that, Mr.
12 Etkin?

13 MR. ETKIN: Your Honor, from the stand point of the
14 New Jersey Carpenters who have been to some extent involved,
15 that would be no problem. As a general matter, if you're
16 asking me, I think it makes sense but in fairness --

17 THE COURT: Right.

18 MR. ETKIN: -- I do have two other clients that have
19 not been involved and who don't necessarily fit into this space
20 in any way.

21 THE COURT: Since I don't need everybody's consent to
22 do this, I'm going to adjourn the hearing on the cross-
23 motions -- are all the briefs in at this point, Ms. Foudy or
24 are there still more briefs coming?

25 MR. ETKIN: I think it's fully briefed, Your Honor.

1 THE COURT: Okay. That's fine. I don't want any more
2 briefs from anybody, that's for sure. So, everybody ought to
3 stop work on briefs and we just need to let the dust settle a
4 little bit and we'll get it rescheduled, if necessary. Okay?

5 MR. ETKIN: I appreciate the Court's handling it that
6 way.

7 THE COURT: Thank you very much, Mr. Etkin.

8 MR. ETKIN: Thank you.

9 THE COURT: Ms. Foudy, thank you very much.

10 MS. FOUDY: Thank you, Your Honor.

11 THE COURT: Okay. What's next? Mr. Rosenbaum?

12 MR. ROSENBAUM: Your Honor, I think that concludes the
13 agenda for today.

14 THE COURT: Okay. Does anybody have anything else
15 they want to raise? Let me just make some last comments
16 because there obviously have been significant developments in
17 this case. I think Mr. Lee's comments earlier regarding the
18 yeoman's service that my colleague, Judge Peck, has played in
19 connection with the mediation that has led to where things are
20 today and hopefully -- I know there's a lot of work that
21 remains to be done.

22 The other issue that was addressed in the chambers
23 conference earlier today regarding the RMBS trial which is
24 scheduled for the 28th is with respect to the filing of the
25 proposed direct testimony and I guess initially this affects

1 the debtors. I declined -- I think I had extended that over
2 the last day or so, I've extended the date -- the deadline for
3 filing that by a day, I think it was. And what I indicated in
4 the off the record conference and am putting on the record now
5 is that the Court agrees that the direct testimony will be
6 exchanged among the parties but not filed at this point. This
7 was done previously with respect to briefing in connection with
8 the RMBS trial where the parties exchanged briefs quite some
9 time before they actually have to file it. It may be
10 unnecessary for the testimony ever to be filed. We'll just see
11 how events unfold. But the Court will require that the
12 testimony -- direct testimony -- proposed direct testimony be
13 exchanged but not filed at this point.

14 Mr. Lee, that probably should be reflected in a
15 written order that you can submit but I indicated -- or Mr.
16 Princi, you're approaching the microphone.

17 MR. PRINCI: Your Honor, may I confer?

18 THE COURT: Yes, go ahead.

19 MR. SHORE: If I may?

20 THE COURT: Hold on, Mr. Shore. Wait a minute.

21 (Counsel confer)

22 MR. LEE: Your Honor, would it be possible for us to
23 just have a brief opportunity just to have a discussion with
24 Mr. Shore and Mr. Eckstein about precisely what it is that
25 people have agreed to?

1 THE COURT: Okay.

2 MR. LEE: If I may; thank you, Your Honor.

3 THE COURT: Go ahead.

4 MR. SHORE: And let me just -- Chris Shore from White
5 & Case on behalf of the junior secured notes, just as a process
6 point for the record, as has been noted, we have filed
7 objections both with respect to the 3013 and the 510(b) action
8 and with respect to the RMBS trial. We fully understand that
9 the debtors are moving towards a deal. We applaud their
10 efforts and everything that's been said on that. There are
11 people who are outside the deal right now who are not being
12 kept informed and then moving and taking actions which are
13 affecting those parties' rights who are not in the deal right
14 now, has to have some process to it.

15 I understand that there was a status conference this
16 morning. We weren't in that status conference. I think other
17 people weren't in those status conferences. So, we're going to
18 have to make sure that in this process going forward that
19 appropriate consents are obtained and people are kept in the
20 process even if the larger deal which is critical to these
21 cases, as I've said to the Court, goes on. There's still a lot
22 of stuff out there that isn't resolved.

23 THE COURT: Mr. Shore, my view; I have not done
24 anything to affect the substance of any of the claims or the
25 proceedings. The May 28th trial remains on track. I refuse to

1 adjourn the filing of -- the providing of the direct testimony
2 until after the examiner's report was released. It's remaining
3 exactly as it was. The only difference is that as was done
4 with the briefs that were the objections to the RMBS
5 settlement, the testimony will be exchanged but not filed at
6 this point. So your substantive rights have not been affected
7 at all.

8 MR. SHORE: Very good, Your Honor.

9 (Counsel confer)

10 THE COURT: Does Mr. Uzzi want to be part -- no,
11 you're going --

12 MR. LEE: Your Honor, if we may just step out for a
13 minute?

14 THE COURT: Yes, go ahead.

15 MR. LEE: I apologize.

16 THE COURT: That's all right.

17 (Counsel confer)

18 MR. LEE: Gary Lee from Morrison & Foerster for the
19 debtors.

20 Your Honor, I apologize but I think that we need to
21 have a -- sort of a broader discussion with counsel for the
22 junior secured noteholders about the date on which the plan
23 support agreement gets filed in the RMBS and we'll have that
24 discussion and then report back to the Court if it's all right
25 with Your Honor.

RESIDENTIAL CAPITAL LLC, ET AL.

40

1 THE COURT: Okay.

2 MR. LEE: Thank you very much.

3 THE COURT: All right. Is there anything else for
4 today? We're adjourned. Thank you.

5 MR. LEE: Thank you, Your Honor.

6 (Whereupon these proceedings were concluded at 11:05 AM)

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C E R T I F I C A T I O N

I, Linda Ferrara, certify that the foregoing transcript is a true and accurate record of the proceedings.

Linda Ferrara

May 15, 2013

LINDA FERRARA

DATE

AAERT Certified Electronic Transcriber CET**D 656

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